Investment Funds Global Market Practice

Order and Confirmation Processing

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Changes to previous versions			
Version 2.0	Final	- Updated activity diagram session, page 8 with comment about the usage of the RECE status.	20 September 2011
Version 3.0.0.1	Draft	- References to message usage guideline documents changed from smpg.info references into MyStandards references - Revisions to sequence diagrams and descriptions. - Addition of Foreign Exchange Details - Revisions to the definitions of "net" and "gross" amounts - Revised direction with regard to the use of commission and charges components, with reliance on local market practice documentation for more detailed information.	10 July 2013
Version 3.0.0.2	Draft	<u>Scope</u> - Notes added that this document describes intermediated order process, whereas message analysis considers only final communications to/from the Executing Party. - Note added that and that MP is on the basis of one order per message. - List of in-scope messages added. <u>Sequence diagrams</u> - Added lists of messages used. - Flow for confirmation amendment flow separated; confirmation amendment message used to replace instead of new confirmation. - New flow added for cancellation by Fund/Fund Manager. <u>Business data requirements</u> - Repetition of guidance from sequence diagrams removed. - Extended explanation of use of RECE status. - Switches and other order types amalgamated. <u>Supplementary details</u> - Note added re Ordering Party's overall responsibility for order lifecycle and chasing. - Note added regarding need to address local use of charges and commissions components in local market practice; assumption in global document is that charges are paid by investor directly, while commissions are paid by the Fund/Fund Manager out of the front-end load. - FX approach still to be agreed.	3 November 2013
Version 3.0.0.3	Final	- Cosmetic corrections - FX usage recommendations added (section 7.4) - Amendment of confirmation: change of messages used.	28 November 2013
Version 3.0.0.4	Final	- Section 5.4 Example 2. In the diagram, message arrows 4 and 5 message names have been corrected.	30 April 2014

Contents

1.   <u>Introduction</u>

This document contains the global market practice guidelines for the interpretation and usage of ISO 20022 order and confirmation messages by the players in the international investment funds industry.

This document serves as a reference for the work of the Investment Funds Working Group (IFWG) of the Securities Market Practice Group (SMPG). It is intended to be considered as a basis for market practices in the investment fund business. The definition of such market practices is an important task of the SMPG. It is intended for:

Sell side

- Fund management companies
- Transfer agents

Buy side

- Institutional investors
- Fund platforms and hubs
- Custodians
- Distributors of investment funds

The primary purpose of this market practice is to provide a reference source of the on-going development of national market practices - implementers are recommended to refer to relevant local market practice documentation in the first instance. The document was prepared in consultation with the following countries and organizations participating in the SMPG IFWG

- Brazil (BR)
- Denmark (DK)
- Germany (DE)
- Italy (IT)
- Luxembourg (LU)
- Norway (NO)
- Switzerland (CH)
- Sweden (SE)
- United Kingdom (GB)
- Clearstream
- Euroclear

This is a living document and is subject to future revision and addition as global and national market practices develop and evolve.

The main goal of the IFWG is to optimise investment fund processing.

2. Scope

The scope of this document covers the order and associated, status, confirmation and cancellation processes when dealing in investment funds. The recommendation of the SMPG is to communicate using the ISO 20022 message standard, which is non-proprietary and therefore network independent.

It is focused on the order and confirmation process that takes place between an ordering party and an executing party (usually a Transfer Agent for the fund) using a single intermediary. This may be adapted for situations involving multiple levels of intermediaries, or where the ordering party that communicates directly with the executing party. However, in the interests of simplicity the accompanying recommendations for message element usage consider only the communications between the executing party and the party that transmits the order to them. Communications that may take place further upstream to deliver the order to the transmitting party may also be subject to different regulatory requirements imposed on distributor/client communications and distributors' proprietary client interfaces.

Messages used in this market practice

This market practice covers subscription, redemption, and switch orders communicated on a one-order-per-message basis. Only the following messages are used:

SubscriptionOrder (setr.010)
RedemptionOrder (setr.004)
SwitchOrder (setr.013)
OrderInstructionStatusReport (setr.016)
SubscriptionOrderCancellationRequest (setr.011)
RedemptionOrderCancellationRequest (setr.005)
SwitchOrderCancellationRequest (setr.014)
OrderCancellationStatusReport (setr.017)
SubscriptionOrderConfirmation (setr.012)
RedemptionOrderConfirmation (setr.006)
SwitchOrderConfirmation (setr.015)
SubscriptionOrderConfirmationCancellationInstruction (setr.047)
RedemptionOrderConfirmationCancellationInstruction (setr.051)
SwitchOrderConfirmationCancellationInstruction (setr.055)
SubscriptionOrderConfirmationAmendment (setr.048)
RedemptionOrderConfirmationAmendment (setr.052)
SwitchOrderConfirmationAmendment (setr.056)

Definitions

For the purposes of this document the term 'investment fund' and 'fund' include typical mutual fund and collective investment undertakings, such as unit trusts, open ended investment companies (OEIC[1], SICAV[2]) and contractual funds (FCP[3]). Note that although it may be possible for alternative types of fund, for example, hedge funds, to follow the market practice, these do not fall within the remit of the IFWG.

- The term 'units' is used to represent units or shares of a fund.

- Subscription - an instruction (order) given to the executing party, to purchase (subscribe for) units in a fund.

- Redemption - an instruction (order) given to the executing party, to sell (redeem) units in a fund.

- Switch - an instruction to sell units in a fund with the proceeds used to purchase units in another fund. A switch is usually within the one fund family or fund umbrella and does not result in any changes to either the holder or the investor.

- Confirmation - a message sent to the instructing party to confirm the execution details of an order. This will confirm the financial and contractual details of the transaction.

- Order cancellation - cancellation of an order that has been previously sent. The processing of a cancellation may be subject to the agreement of the executing party and the time at which the cancellation request is received.

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[1] Open-ended investment company
[2] Société d'investissement à capital variable
[3] Fonds Commun de Placement

3. Roles and actors

This section describes the actors involved in the process outlined in this document, and the roles that they play.

Roles

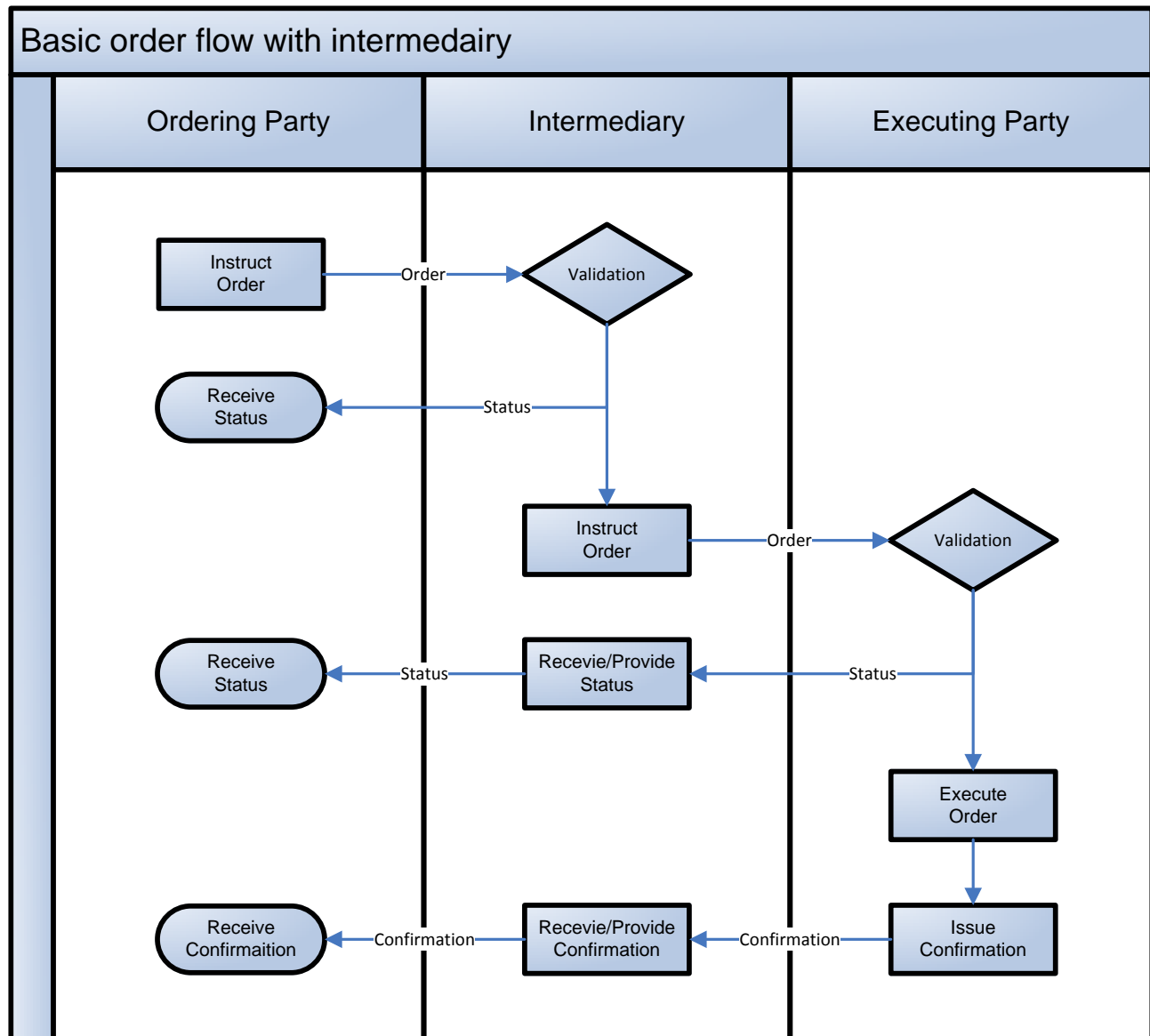| Ordering Party	Intermediary	Executing Party
The party that instructs an order, for example, investor, investment manager.	The party that receives an order from the ordering party and transmits it to the executing party. May include fund hub, distributors, consolidator, custodian, aggregator etc.	The party that receives and executes the order, for example, transfer agent, fund manager order desk.

Actors

Actor	Description	Examples/synonyms	Typical Roles
Fund manager	The company that is responsible for the management and operation of the fund, for example, determines the investment strategy, appoints the service providers, and makes major decisions for the fund. It is usually responsible for promotion distribution and marketing of the fund.	Fund Company, Fund management company, Fund promoter	Executing Party
Transfer agent	The entity that undertakes the execution of subscription, redemption and switch orders on behalf of the fund.		Executing Party
Investor	The party whose money is invested. It can be one or more individuals or entities.		Ordering Party
Custodian	A party who holds the assets on behalf of an individual or institutional investor. They may be asked to send orders on behalf of the investor.		Intermediary
Investment manager	An entity that may be appointed by an investor to make investment decisions on their behalf.		Ordering Party
Fund platform	An entity that collects and aggregates investor orders for placement with the executing party, and maintains the shares in its nominee account	Aggregator, consolidator	Intermediary
Fund hub	An entity that manages and centralizes communication, settlement and coordination of individual orders among the various parties. A Hub's services can range from managed order routing to settlement and asset servicing.	For example Vestima, Fundsettle, etc.	Intermediary
Distributor	An entity through which investors may buy or sell funds units. This may be on an advisory or execution-only basis .	For example brokers, financial advisors, and banks.	Intermediary

4. **Activity diagram**

The following diagram provides an overview of the order instruction process. This shows the main activities from order instruction that will result in the execution of an investment fund order between the Ordering Party, Intermediary and Executing Party.

Note, however, that in the interests of simplicity the accompanying recommendations for message element usage consider only the communications between the executing party and the party that transmits the order to them. The SMPG recommendations for message usage guidelines are posted on MyStandards (see section 6).

Basic order flow with intermedairy

Ordering Party	Intermediary	Executing Party

- Instruct Order —Order→ Validation
- Validation —Status→ Receive Status
- Validation → Instruct Order —Order→ Validation
- Validation —Status→ Recevie/Provide Status —Status→ Receive Status
- Validation → Execute Order
- Execute Order → Issue Confirmation —Confirmation→ Recevie/Provide Confirmation —Confirmation→ Receive Confirmaition

Ordering Party	Intermediary	Executing Party
Instruct Order Instruction of the order to the intermediary.	Validate /Process Order Validation of the instruction and the ability to process it.	
	Status To indicate to the ordering party if the order could be processed by the Intermediary	
	Instruct Order Instruction of order based on an instruction received from the Ordering Party	Validate / Process Order Validation of the instruction and the ability to process it.
	Status To indicate to the ordering party if the order was accepted by the Executing Party	Status To indicate to the Intermediary if the order is accepted by the Executing Party
		Execution Processing of the order using the appropriate unit/share price
	Confirmation Notification to the ordering party of execution of the order.	Confirmation Notification of intermediary of the execution of the order.

5. Sequence diagrams

The following diagrams describe the communication flows for specific scenarios. It shows the typical exchanges of messages in the context of a transaction.

For the global market practice we concentrate on the simple order flow depicted below, but this can be extended to new roles and actors and continue in a chain or multiple counterparty environment. In these scenarios there may be additional data required but the core data and minimum data set remains the same.

The SMPG recommendations for message usage guidelines are posted on MyStandards (see section 6).

5.1. Order placement - positive scenario

This diagram describes a flow of messages between an Ordering Party, the Intermediary and the Executing Party.

Example:
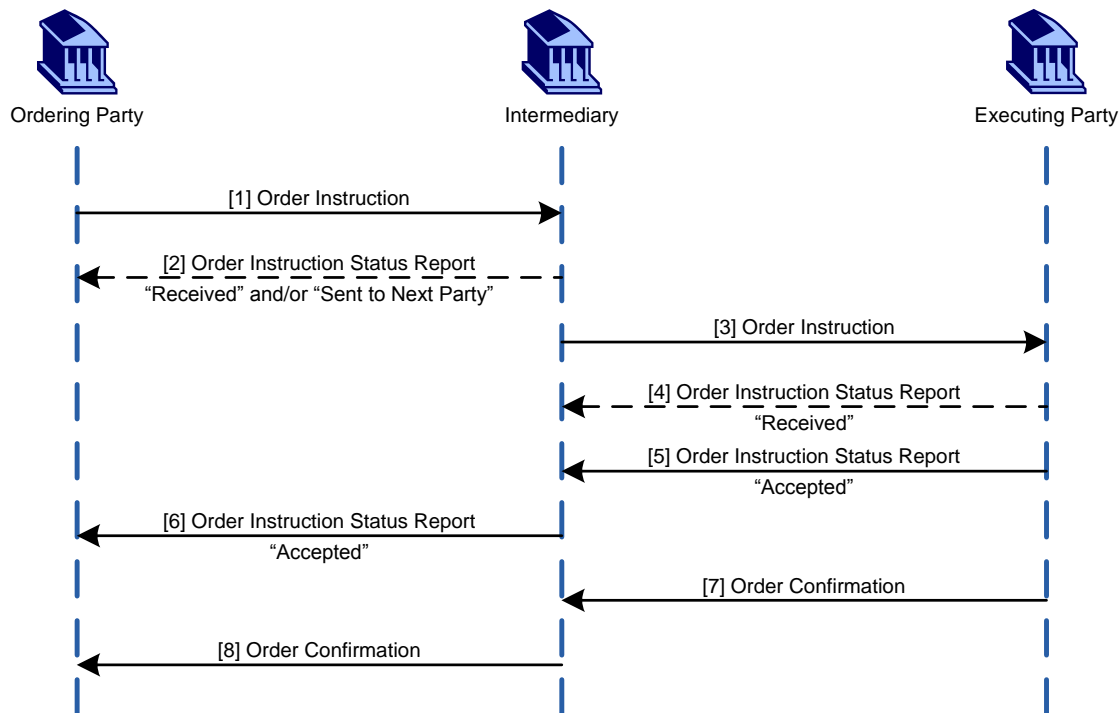
The messages used in the above flow are as follows:

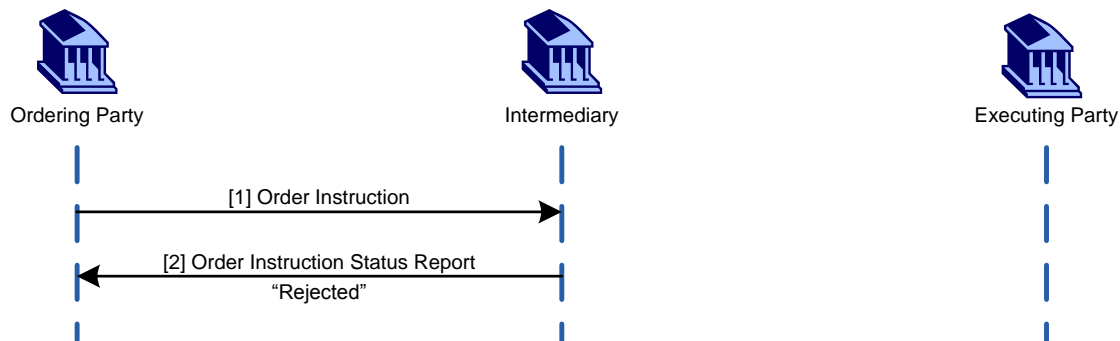|	*Subscription*	*Redemption*	*Switch*
Order	setr.010	setr.004	setr.013
Order Instruction Status Report		setr.016	
Order Confirmation	setr.012	setr.006	setr.015

1. An Order message (subscription, redemption or switch) is sent by the Ordering Party to the Intermediary.

2. The Intermediary may respond with an Order Instruction Status Report message with the status "Received" and/or "Sent to Next Party" depending on its SLA with the Ordering Party.

3. The Intermediary may enrich the order with additional information before sending it to the Executing Party.

4. The Executing Party may acknowledge receipt using an Order Instruction Status Report message with a status of "Received".

5. The Order Instruction Status Report message with a status "Accepted" is sent by the Executing Party to show that the order has been accepted for execution.

6. The Intermediary must send an Order Instruction Status Report message to the Ordering Party to confirm that the order has been accepted for execution.

7. Once the order has been executed (that is, the appropriate price has been allocated), the Executing Party sends an Order Confirmation message to the Intermediary to confirm the contractual details of the transaction.

8. The Intermediary sends the Order Confirmation message to the Ordering Party. The Intermediary may enrich or consolidate confirmations that are received from the Executing Party(ies).

5.2.   Order placement - rejection scenarios

In these scenarios, an order is placed but is rejected for execution due to incorrect details such as an incorrect account or ISIN.

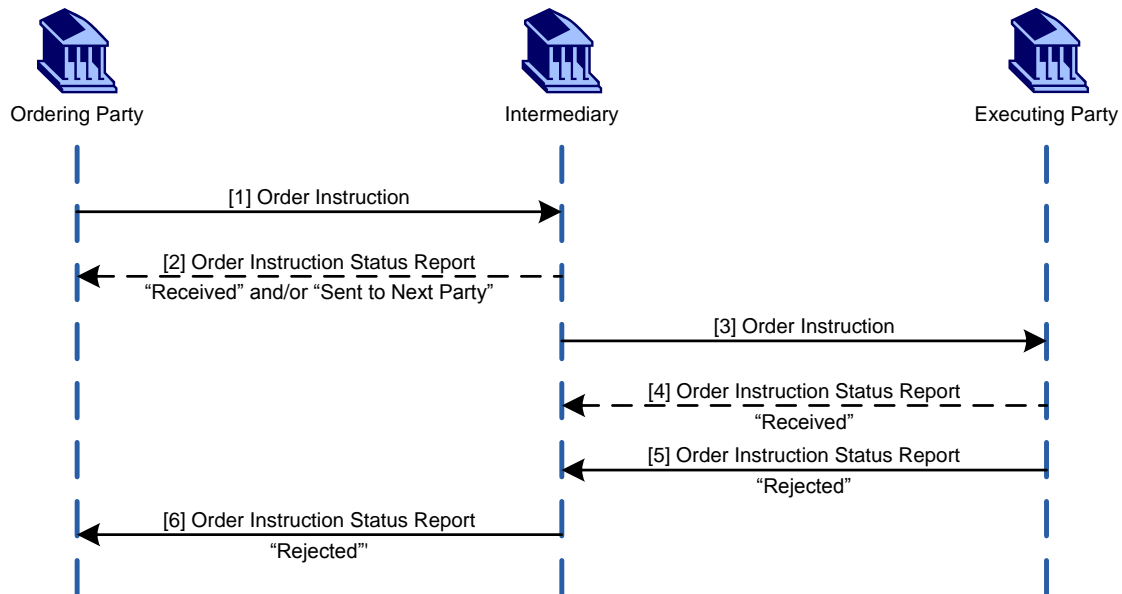**Example 1 (rejection by the Intermediary):**

The messages used in the above flow are as follows:

	Subscription	*Redemption*	*Switch*
Order	setr.010	setr.004	setr.013
Order Instruction Status Report	setr.016		

1. An Order message (subscription, redemption or switch) is sent by the Ordering Party to the Intermediary.

2. The Intermediary immediately rejects the order using an Order Instruction Status Report message with the status "Rejected".

Example 2 (rejection by the Executing Party):

The messages used in the above flow are as follows:

	Subscription	*Redemption*	*Switch*
Order	setr.010	setr.004	setr.013
Order Instruction Status Report	setr.016		

1.   An Order message (subscription, redemption or switch) is sent by the Ordering Party to the Intermediary.

2.   The Intermediary may respond with an Order Instruction Status Report message with the status "Received" and/or "sent to next party" depending on its SLA with the Ordering Party.

3.   The Intermediary may enrich the order with additional information before sending it to the Executing Party.

4.   The Executing Party may acknowledge receipt using an Order Instruction Status Report message with a status of "Received".

5.   The Executing Party does not then accept the order for execution, however, and sends an Order Instruction Status Report message with the status "Rejected", plus at least one reason code to explain the cause of the rejection.

     Note that the previous "Received" status merely acknowledges receipt and technical validation of the order - it does not indicate acceptance for execution.

     If the rejection is due to an error introduced by the Intermediary, it will repair and resubmit the order for execution. The flow will then stop at this point.

6. If the rejection is due to an error made by the Ordering Party, the Intermediary sends an Order Instruction Status Report message with the status "Rejected" to the Ordering Party for repair and resubmission as necessary.

5.3. <u>Cancellation of an order by the Ordering Party - positive scenario</u>

This diagram describes a flow of messages where an order is placed but the Ordering Party subsequently requests its cancellation. The request is received by the Executing Party before the cut off time and therefore no trade is executed.

Example:
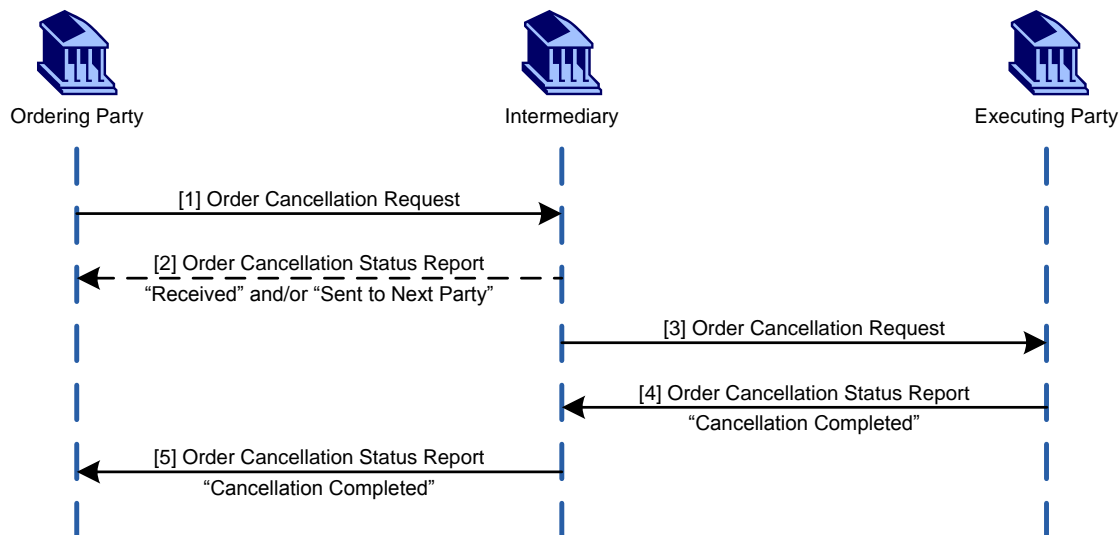
The messages used in the above flow are as follows:

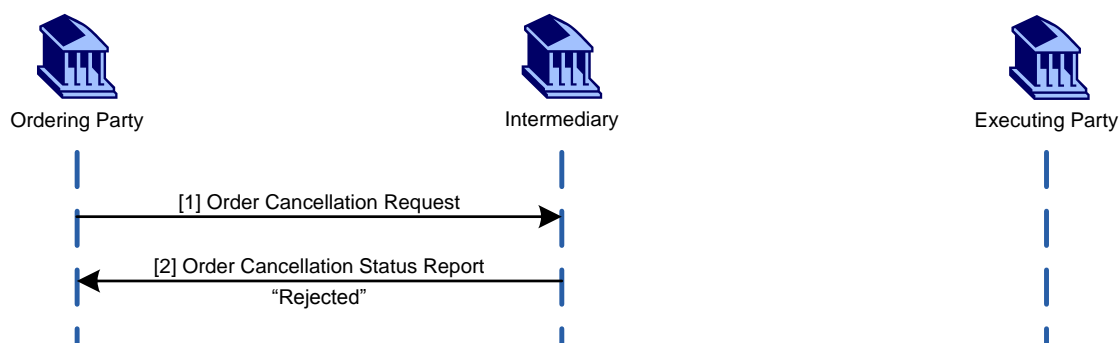|	*Subscription*	*Redemption*	*Switch*
Order Cancellation Request	setr.011	setr.005	setr.014
Order Cancellation Status Report		setr.017	

1. The Ordering Party wishes to cancel a previously sent order and sends an Order Cancellation Request message to the Intermediary.

2. The Intermediary believes that cancellation may be viable (before cut off, within the Executing Party's rules for cancellation, client cancellation rights, etc.) and may respond with an Order Cancellation Status Report message with the status "Sent to Next Party".

3. The Intermediary sends an Order Cancellation Request message to the Executing Party.

4. The Executing Party validates if the cancellation can be processed and responds with an Order Cancellation Status Report with a status "Cancellation Completed".

5. The Intermediary sends an Order Cancellation Status Report message to the Ordering Party with a status "Cancellation Completed" to confirm that the order has been cancelled successfully.

Note that the current version Order Cancellation Status Report message does not provide for a "Received" status to be returned. It is recommended that any workaround to this omission should be discussed within the local market practice groups.

5.4. <u>Cancellation of an order by the Ordering Party - rejection scenario</u>

This diagram describes a flow of messages where an order is placed but the Ordering Party subsequently requests its cancellation. The request is received by the Executing Party after the cut off time and is therefore rejected. The original transaction is successfully processed.

Example 1 (rejection by the Intermediary):

The messages used in the above flow are as follows:

	Subscription	*Redemption*	*Switch*
Order Cancellation Request	setr.011	setr.005	setr.014
Order Cancellation Status Report	setr.017		

1. The Ordering Party wishes to cancel a previously sent order and sends an Order Cancellation Request message to the Intermediary.

2. The Intermediary finds that cancellation is not viable (after cut off, contrary to the Executing Party's rules for cancellation, etc.) and immediately rejects the request using an Order Cancellation Status Report message with the status "Rejected".

Example 2 (rejection by the Executing Party):
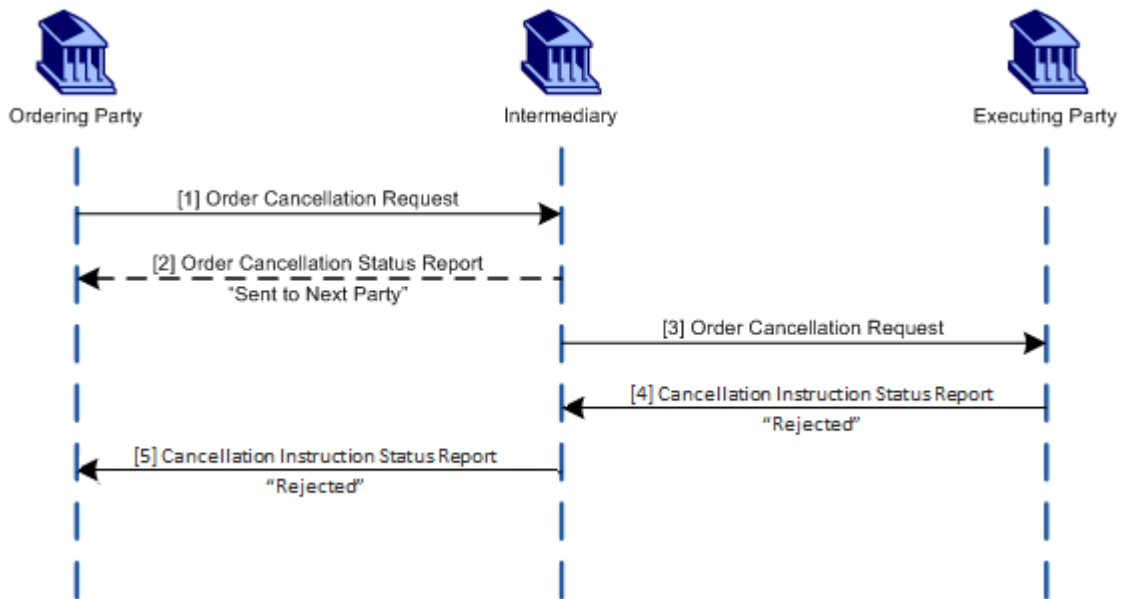
The messages used in the above flow are as follows:

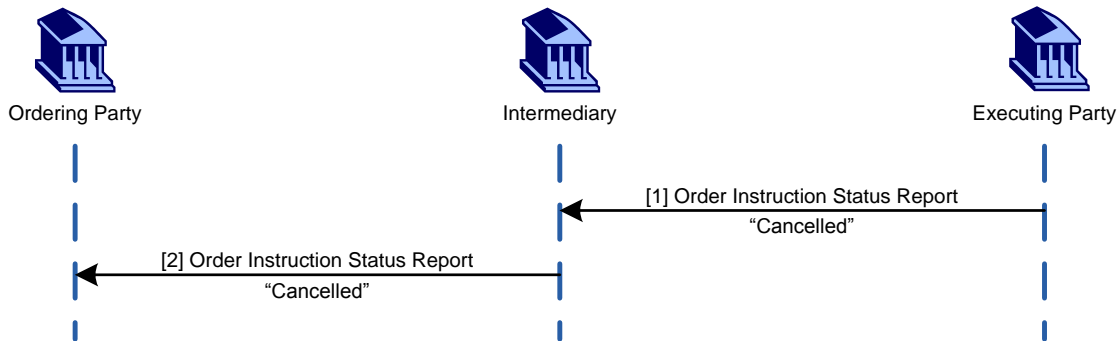|	*Subscription*	*Redemption*	*Switch*
Order Cancellation Request	setr.011	setr.005	setr.014
Order Cancellation Status Report	setr.017		

1. The Ordering Party wishes to cancel a previously sent order and sends an Order Cancellation Request message to the Intermediary.

2. The Intermediary believes that cancellation may be viable and may respond with an Order Cancellation Status Report message with the status "Sent to Next Party".

3. The Intermediary sends an Order Cancellation Request message to the Executing Party.

4. The Executing Party determines that it is not possible for the cancellation request to be effected and responds with an Order Cancellation Status Report with the status "Rejected".

5. The Intermediary sends an Order Cancellation Status Report to the Ordering Party with the status "Rejected".

5.5. <u>Cancellation of order by another party after acceptance</u>

This diagram describes a flow of messages where an order is placed but subsequently cancelled by the Fund or Fund Management Company in accordance with the Fund's prospectus. This may occur, for example, when the total orders in the period exceed a specified threshold, above which trading may be suspended or orders reduced on a pro-rata basis.

Note that in these cases the cancellation must be advised before the order is confirmed.

Example:

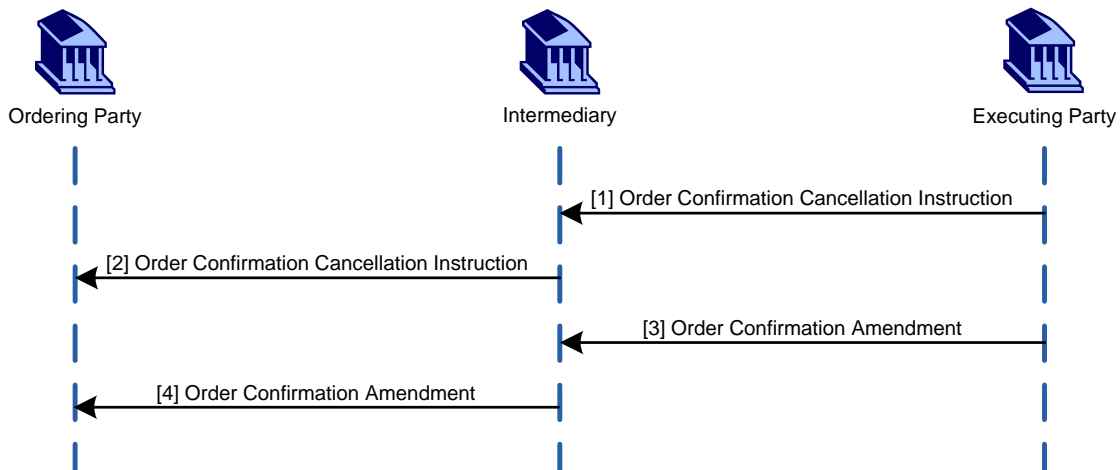The messages used in the above flow are as follows:

	Subscription	*Redemption*	*Switch*
Order Instruction Status Report		setr.016	

1. The Fund or Fund Management Company requires to cancel a previously accepted order in accordance with the Fund's prospectus, so the Executing Party sends an Order Instruction Status Report message to the Intermediary with the status "Cancelled", and a reason code to explain the cause of the cancellation. (It should be noted that the status Rejected is not appropriate in this scenario.)

2. The Intermediary sends an Order Instruction Status Report to the Ordering Party with the status "Cancelled" and the reason code to explain the cause of the cancellation.

5.6. <u>Cancellation and replacement of a Confirmation</u>

This diagram describes a flow of messages where a confirmation is issued by the Executing Party in error or with incorrect information. Depending on the circumstances, the confirmation may or may not be replaced.

Example:

The messages used in the above flow are as follows:

	Subscription	*Redemption*	*Switch*
Order Confirmation Cancellation Instruction	setr.047	setr.051	setr.055
Order Confirmation Amendment	setr.048	setr.052	setr.056

1. The Executing Party, after noticing an error in its confirmation, sends an Order Confirmation Cancellation Instruction message to the Intermediary to advise that the confirmation it has sent previously is cancelled.

2. If the Intermediary has already issued a confirmation to the Ordering Party, it sends an Order Confirmation Cancellation Instruction message to advise the Ordering Party that the previous confirmation is cancelled and to stop processing.

    If the original confirmation was issued in error, the flow will stop at this point.

3. If the confirmation is to be replaced, the Executing Party will send an Order Confirmation Amendment message to the Intermediary providing the correct execution details.

4. The Intermediary sends an Order Confirmation Amendment message to the Ordering Party.

Note that the IFWG recommends against using the Order Confirmation messages in this scenario, in order to avoid confusion subsequently as to which was the final confirmation.

6. Business data requirements

This section describes the business information that will be needed for the business process to take place.

6.1. Order instruction

Order charges and commission details shall be supplied in an order message only where they are to vary the standard terms and subject to prior agreement.

Settlement and custody details must be supplied if the order is to be settled in a CSD environment.

In the case of switches, this market practice addresses single orders for one-to-one switches (ie. one redemption leg and one subscription leg) that are driven by the redemption leg. The IFWG recommends that the account be specified at switch level and not in the individual legs. However, it is possible in some markets that switches may be permitted across different accounts of the same owner, in which case the account details should be provided separately in each leg instead of at switch level.

For the detailed global market practice, see MyStandards:

Collection Name:
SMPG-Global-IF-Order Processing
Message Usage Guidelines:
01_SubscriptionOrderV03_setr.010.001.03
02_RedemptionOrderV03_setr.004.001.03
03_SwitchOrderV03_setr.013.001.03

6.2. Order instruction status

This message is used to report events in the order lifecycle to the previous party in the message chain. It is issued by the Executing Party and Intermediary and must not be delayed after the event has occurred.

The following status reports are recommended by the IFWG:

- To confirm that an order instruction message has been received and validated technically (RECE). Parties may agree that in some or all circumstances the receiver of an order instruction message will send this status response immediately on receipt to indicate simply that it has been received and validated technically for processing, but without legally accepting the order at that stage. This flow is optional and subject to the SLA between the parties.

- To report the acceptance of an order instruction for execution (PACK).

- To report the rejection of an order instruction before acceptance and the reason for rejection

- To report the cancellation of the order by the Fund or Fund Manager after acceptance and the reason for cancellation

The Order Reference is used to link the order, status, confirmation and cancellation processes.

The IFWG does not recommend the use of the OrderData block, as further information may trigger additional validation by the receiver of the status, causing an additional processing burden to the recipient.

For prepaid subscription orders in funds that are not valued on a daily basis, the order sender is informed of the deadline for the cash payment using NewDetails/ExpectedCashSettlementDate element.

Note that in the case of switches, any status reported pertains to the switch order as whole.

For the detailed global market practice see MyStandards:

Collection Name:
SMPG-Global-IF-Order Processing
Message Usage Guidelines:
04_OrderInstructionStatusReportV03_setr.016.001.03 Status Subscription & Redemption Order
05_OrderInstructionStatusReportV03_setr.016.001.03 Status Switch

6.3. Order confirmation

Settlement and custody details must be supplied if the order is to be settled in a CSD environment.

For the detailed global market practice, see MyStandards:

Collection Name:
SMPG-Global-IF-Order Processing
Message Usage Guidelines:
10_SubscriptionOrderConfirmationV03_setr.012.001.03
11_RedemptionOrderConfirmationV03_setr.006.001.03
12_SwitchOrderConfirmationtV03_setr.015.001.03

6.4. Order cancellation request

Where cancellations are accepted, the IFWG recommends that:

(a) cancellation requests are specified by order reference; and

(b) cancellation requests can be processed until the order cut off time for the expected valuation point; requests after this time should be rejected.

For the detailed global market practice, see MyStandards:

Collection Name:
SMPG-Global-IF-Order Processing
Message Usage Guidelines:
06_SubscriptionOrderCancellationRequestV03_setr.011.001.03
07_RedemptionOrderCancellationRequestV03_setr.005.001.03
08_SwitchOrderCancellationRequestV03_setr.014.001.03

6.5. Order cancellation status

Every order cancellation request must receive an Order Cancellation Status Report.

The IFWG does not recommend the use of the investment account and financial instrument elements, as these may trigger additional validation by the receiver of the status causing an additional processing burden to the recipient.

For the detailed global market practice, see MyStandards:

Collection Name:
SMPG-Global-IF-Order Processing
Message Usage Guidelines:
09_OrderCancellationStatusReportV03_setr.017.001.03

6.6. Confirmation cancellation

For the detailed global market practice, see MyStandards:

Collection Name:
SMPG-Global-IF-Order Processing
Message Usage Guidelines:
13_SubscriptionOrderConfirmationCancellationInstructionV01_setr.047.001.01
14_RedemptionOrderConfirmationCancellationInstructionV01_setr.051.001.01
15_SwitchOrderConfirmationCancellationInstructionV01_setr.055.001.01

6.7. Confirmation amendment

For the detailed global market practice, see MyStandards:

Collection Name:
SMPG-Global-IF-Order Processing
Message Usage Guidelines:
16_SubscriptionOrderConfirmationAmendmentV01_setr.048.001.01
17_RedemptionOrderConfirmationAmendmentV01_setr.052.001.01
18_SwitchOrderConfirmationAmendmentV01_setr.056.001.01

7. Market Practice additional information

This section describes agreed global market practices for the processes outlined in the document, including changes to existing practice.

The Ordering Party is ultimately responsible for oversight of the order lifecycle. Any delay or error identified in the required status response or confirmation should be reported immediately to the Executing Party or Intermediary, as appropriate.

7.1. Net and Gross Amounts

SMPG has defined more useful definitions for the Net Amount and Gross Amount elements. SMPG will submit a change request to ISO 20022 for this revision. Users should use the revised definitions as listed below (also specified in the market practice message specifications on MyStandards).

Element	Message	SMPG Definition / Comment
Net Amount	Subscription Order	**SMPG Semantic Redefinition**: Amount of money to be invested in the fund. Net Amount = Quantity * Price
Net Amount	Redemption Order	**SMPG Semantic Redefinition**: Amount of money to be paid to the investor when redeeming fund units. Net amount = (Quantity * Price) - (Overheads). Overheads may include charges, taxes and, in some markets, commissions.
Net Amount	Subscription Confirmation	**SMPG Semantic Redefinition**: Amount of money invested in the fund. Net Amount = Quantity * Price
Net Amount	Redemption Confirmation	**SMPG Semantic Redefinition**: Amount of money to be paid to the investor when redeeming fund units. Net amount = (Quantity * Price) - (Overheads). Overheads may include charges, taxes and, in some markets, commissions.

Element	Message	SMPG Definition / Comment
Gross Amount	Subscription Order	**SMPG Semantic Redefinition**: Amount of money to be paid by the investor when subscribing to fund units. Gross amount = (Quantity * Price) + Overheads. Overheads may include charges, taxes and, in some markets, commissions.
Gross Amount	Redemption Order	**SMPG Semantic Redefinition**: Amount of money to be redeemed from the fund. Gross Amount = Quantity * Price
Gross Amount	Subscription Confirmation	**SMPG Semantic Redefinition**: Amount of money to be paid by the investor when subscribing to fund units. Gross amount = (Quantity * Price) + (Overhead). Overheads may include charges, taxes and, in some markets, commissions.

Gross Amount	Redemption Confirmation	**SMPG Semantic Redefinition**: Amount of money redeemed from the fund.
		Gross Amount = Quantity * Price

7.2. Charge and commission types

The approach to commissions and charges varies depending on the market concerned and consequently can only be defined at a high level in this global market practice.

There is no agreement on the distinction between a charge and a commission. This is because there is no single legal definition of a charge and a commission. Therefore, terminology differs between countries and individual institutions in the same market. NMPGs must provide additional guidance in line with global market practice.

For the purposes of this global market practice, if the item is an overhead paid by the investor, this is reported as a charge. If money is paid by the Fund or Fund Manager to a distributor/intermediary, this is reported as a commission.

7.3. Cash settlement information

Payment reference information must be provided with subscription orders when known if payment is made by credit transfer

Cash settlement details should only be provided with redemption orders where no standing settlement instructions (SSIs) are in place or when the instructing party has been authorised to override them.

The structure of the message currently does not support providing these details without populating the CreditorAgent and CreditorAccount elements. A change request to resolve this will be submitted to ISO 20022 for consideration.

7.4. Foreign exchange details in confirmations

The following describes the market practice associated with the use of the Foreign Exchange Details sequence in the Order Confirmations messages.

M/O	Element name	Current ISO 20022 definition	SMPG modifications
0.1	ForeignExchangeDetails (block)	Information needed to process a currency exchange or conversion.	**SMPG Usage Information:** The order of the unit and quoted currencies in the exchange rate calculation is independent of the currencies in ToAmount and FromAmount.
			If the USD equivalent of 1EUR is 1.3, the exchange rate may be expressed as 1.3. Equally, the EUR equivalent of 1USD is 0.769, so the exchange rate may be expressed as 0.769. The unit and quoted currencies inform the recipient of the message which of these conventions is being used.

When the Foreign Exchange Details sequence is specified, the following elements must be present:

M/O	Element name	Current ISO 20022 definition	SMPG modifications
0.1	ToAmount	Cash amount resulting from a foreign exchange trade.	**SMPG Usage**: Should only be used where a specific component of the order confirmation, for example, a charge or commission amount is to be converted differently to the rest.
0..1	FromAmount	Cash amount for which a foreign exchange is required.	**SMPG Usage**: Should only be used where a specific component of the order confirmation, for example, a charge or commission amount is to be converted differently to the rest
1..1	UnitCurrency	Currency in which the rate of exchange is expressed in a currency exchange. In the example 1GBP = xxxCUR, the unit currency is GBP.	**SMPG Definition Refinement**: Currency from which the quoted currency is converted in an exchange rate calculation.
1..1	QuotedCurrency	Currency into which the base currency is converted, in a currency exchange.	**SMPG Definition Refinement**: Currency into which the unit currency is converted in an exchange rate calculation.
1..1	ExchangeRate	The value of one currency expressed in relation to another currency. ExchangeRate expresses the ratio between UnitCurrency and QuotedCurrency (ExchangeRate = UnitCurrency/QuotedCurrency).	**SMPG Definition Refinement**: Factor used for the conversion of an amount from one currency into another. This reflects that amount of the quoted currency that can be purchased with one unit of the unit currency, as follows: 1 x CUR1 = nnn x CUR2, where: CUR1 is the unit currency CUR2 is the quoted currency nnn is the exchange rate.

Examples

How the exchange rate is expressed determines which currency is the Unit Currency and Quoted Currency. If the amounts concerned are EUR 1000 and USD 1300, the exchange rate may be expressed as per either of the following examples:

Element	Definition (as amended, see above)	Example 1	Example 2
UnitCurrency	Currency from which the quoted currency is converted in an exchange rate calculation.	**EUR**	**USD**
QuotedCurrency	Currency into which the unit currency is converted in an exchange rate calculation.	**USD**	**EUR**

| ExchangeRate | Factor used for the conversion of an amount from one currency into another. This reflects that amount of the quoted currency that can be purchased with one unit of the unit currency, as follows:

1 x CUR1 = nnn x CUR2,

where:
CUR1 is the unit currency
CUR2 is the quoted currency
nnn is the exchange rate. | **1.300** | **0.769** |

Annex 1: Glossary

This glossary should be read in conjunction with the ISO 20022 Data Dictionary, which is available at www.iso20022.org.

Term	Description
Central Securities Depository	See (I)CSD
Cancellation	A request to cancel a subscription, redemption or switch order that has been previously sent. The processing of a cancellation will be subject to the agreement of the executing party and the time at which the cancellation request is received.
Charge	An amount deducted by the fund or promoter.
Commission	An amount paid for a service related to the order.
Confirmation	A report sent to the instructing party, to confirm the details of execution for a subscription, redemption or switch order. This will confirm the financial and contractual details of the transaction.
Custodian	A party who holds the assets on behalf of an individual or institutional investor. They may be asked to send orders on behalf of the investor.
Distributor	An entity through which investors may buy or sell funds units. This may also be on an advisory or execution-only basis.
FCP	A FCP or "Fonds Commun de Placement' is a type of investment fund that is established as a common contractual arrangement between the parties involved and the investors.
Fund manager	The company that is responsible for the management and operation of the fund, eg, determines the investment strategy, appoints the service providers, and makes major decisions for the fund. It is usually responsible for the distribution and marketing of the fund.
Fund hub	An entity that manages and centralizes communication, settlement and coordination of individual orders among the various parties. The Hub centralizes communication and offers services which, depending on the Hub's service offering, can range from managed order routing to settlement and asset servicing.
Fund or Investment Fund	'investment fund' and 'fund' include typical mutual fund and collective investment undertakings, such as unit trusts, open ended investment companies (OEIC, SICAV, FCP etc), and contractual funds (note that although it may be possible to follow the market practice for alternative types of fund, eg, hedge funds, the IFWG has not attempted to accommodate these specifically).
Fund platform	An entity that collects and aggregates investor orders for placement with the executing party, and maintains the shares in its nominee account.
Holder	A person or entity that is recorded (singly or jointly) on the fund register, as having legal title to the units or shares.

Term	Description
(I)CSD	Central Securities Depository (CSD) – An organisation that holds securities either in certificated or uncertificated (dematerialized) form, to enable their book entry transfer. It further deals with transaction processing such as clearing and settlement of securities in electronic form and in some instances, also offers order routing services for investment funds. International Central Securities Depository (ICSD) - A CSD that focuses its service offering (asset servicing, settlement, fund order routing) on cross-border activity.
Investment Manager	An entity that may be appointed by investors to make investment decisions on their behalf.
Investor	The party whose money is invested. It can be one or more individual(s) or entities.
OEIC	An OEIC or 'Open-ended investment company' is a type of investment fund that is established in corporate form.
Redemption	An instruction (order) given to the executing party, to sell (redeem) units in a fund.
SICAV	An SICAV or "Societe d'investissement a capital variable' is a type investment fund that is established in corporate form.
Subscription	An instruction (order) given to the executing party, to purchase (subscribe) units in a fund.
Switch	An instruction to sell units in a fund with the proceeds used to purchase units in another fund. A switch is usually within the one fund family or fund umbrella and does not result in any changes to the holder and investor.
Transfer agent	The entity that undertakes the execution of subscription, redemption and switch orders on behalf of the fund.
Unit trust	A unit trust is a type of investment fund that is common in some countries, which is established under trust law.
Units	The term 'unit' applies generally to FCP and unit trusts whereas the term 'share' applies usually to corporate funds, suchs as OEIC and SICAVs. For the purpose of this document the term 'units' is used to represent units or shares of a fund.

END OF DOCUMENT